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SUBJECT: DBS FERRY TO ATTRACT TOURISM TO PRIMORYE?

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SUBJECT: DBS FERRY TO ATTRACT TOURISM TO PRIMORYE?

¶1. (SBU) Summary: A new, South Korean-owned cruise ferry connecting Vladivostok, Donghae, South Korea, and Sakaiminato, Japan began operating on July 7. Local officials hope it will help boost tourism to Primorye Region, as it offers an affordable, comfortable, and convenient way to travel between the three cities, compared to the airlines and other ferry services. Local officials would also like to see more foreign investment to boost Primorye's tourism services. An inconvenient schedule and visa regime may hinder the ferry line's success, however. Primorye officials also plan to further develop their relatively poor tourism infrastructure, especially during the run-up to the APEC Conference in 2012, with emphasis placed on eco-tourism and other areas that make the region unique. End summary.

DBS to Bring Tourism to Primorye?

¶2. (U) With airline tickets between Vladivostok and Seoul costing upwards of USD 800, the Donghae (South Korea)-Vladivostok (Russia)-Sakaiminato (Japan) (DBS) Cruise Ferry, which began operation on July 7, is set to make travel between South Korea, Japan, and Russia more comfortable and affordable. Officials in the Primorye Region also hope the South Korean-based DBS will increase tourism to their region, as the number of foreign tourists to the region has decreased dramatically over the course of the last four years.

¶3. (U) The DBS Ferry is not the first international cruise ferry

service with service to Primorye. The Dong Chun Ferry runs between Zarubino, Primorye and Sokcho, South Korea, while BusinessIntourService operates a ferry line between Vladivostok and Toyoma, Japan. The DBS ferry will compete with these lines and offer new, upgraded services, which will hopefully boost the tourism industry in Primorye.

¶4. (U) Unlike its competitors, the DBS Ferry Line enables Primorye Residents to travel to both Japan and South Korea on the same vessel. While the BusinessIntourService's cheapest one-way tickets from Vladivostok to Japan run at USD 440, DBS offers one way tickets on faster vessels between the two countries for USD 210. With a duty free shop, sauna, night club, restaurant, and Jacuzzi, the DBS Line's vessel, the Eastern Dream, offers better amenities than the similarly priced Dong Chun Ferry. The Eastern Dream arrives in Vladivostok every Tuesday, while Russian passengers usually have to board the Dong Chun Ferry at the nearby urban settlement of Zarubino.

¶5. (SBU) Another hope is that the DBS Ferry will encourage South Korean, Japanese, and Chinese companies to invest better offering services for tourists in Primorye. South Korean Consul Ki Dae Kim explained to Consulate Staff that South Korea, the corporate headquarters of the DBS and Dong Chun ferry lines as well as the only four star hotel in Vladivostok, has made an unprecedented contribution to the development of tourist infrastructure in Primorye. Other regional actors are ready to follow South Korea's example: Deputy Consul-General of Japan in Vladivostok Tomonori Hasegawa emphasized his country's interest in making similar inroads into the Primorye tourist market. He described the future creation of a Japanese ferry line between Japan and Primorye as "very possible." According to Mikhail Lapin, Specialist at the Primorye Regional Department of International Relations and Tourism, Chinese businesses may open a ferry line between Vladivostok and China if DBS is successful.

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Visa Regime and Schedule May Hinder Success

¶6. (U) Obstacles to the DBS's success remain, however. The Eastern Dream arrives at port on Vladivostok only on Tuesdays. This means that South Korean and Japanese passengers have only 4-6 hours to spend in the city unless they obtain a Russian visa (and remain in Russia for at least one week). Russian passengers likewise are unable to return home via the Eastern Dream until a week after departing from Vladivostok. Russians who are planning shorter trips therefore cannot utilize DBS's ferry line.

¶7. (U) While tourists who travel by ferry to Russia do not need a visa if their trip will be shorter than 72 hours, Russians need visas in order to travel to Japan or South Korea. In a bid to increase the popularity of the DBS ferry, the Primorye Regional Government has been holding talks to convince Tokyo and Seoul to institute a visa waiver program for Russian tourists who will be in Japan or South Korea for a short period of time. Director of the Primorye Regional Transportation Department Igor Khrushev has repeatedly travelled to Seoul in order to discuss both visa waivers and the possibility of altering the Eastern Dream's timetable.

¶8. (SBU) Deputy Director of the Vladivostok Office of South Korea's National Organization of Tourism Hae Ja Park and South Korean Consul Ki Dae Kim, however, believe that visa regulations and inconvenient scheduling will not preclude the DBS's success. While Park emphasized that Russians enjoy long vacations, Mr. Kim argued that Russian tourists can easily obtain South Korean visas. Kim reminded Consulate staff that the DBS ferry line is in its initial stage; DBS may change its timetable if the ferry becomes popular.

Poor Infrastructure and High Costs Discourage Tourism

¶9. (SBU) DBS alone will not transform Primorye into a popular tourist destination, however. General Director of Vladivostok's "Gavan-Tourcenter" Natalie Kalachinskaya told us services for tourists have deteriorated in Primorye and hotels have become more expensive in the region. There are no information centers for tourists in Vladivostok other than in hotels, she added. Vladivostok has no five star hotels and only one four star hotel, the Hyundai Hotel, which charges approximately USD 200 per night for its cheapest rooms. Infrastructure and hotel service are even less developed in other regions of Primorye where prospective tourists could find natural wonders and exotic animals like the Amur Tiger. Asian tourists find better services, infrastructure, and prices in Southeast Asia and China than in Primorye.

¶10. (U) In preparation for the 2012 APEC Conference, however, Vladivostok has planned numerous infrastructure projects, including the construction of new hotels. Lotte, Marriot International, and Accor have signed declarations of intent to build hotels in the city. The GOR is also funding the construction of a USD 1 billion bridge between Vladivostok and Russkiy Island, the summit's beautiful locale.

Accentuate the Positive

¶11. (SBU) According to Park, infrastructure alone will not transform Primorye into a tourist destination. She pointed out the region lacks the stadiums, hotels, and tourist infrastructure found in South Korea and Southeast Asia. According to Park, Primorye officials need to highlight the region's distinctive attractions in order to distinguish it from other tourist destinations. As Hasegawa informed us, Japan "lacks natural havens that the hands of man have never touched." According to Hasegawa, Russian tourist companies have failed to research the needs and tastes of Japanese tourists and therefore have underestimated Japanese interest in eco-tourism.

¶12. (U) Primorye officials have, however, approved a plan to open a "Safari Park" that will feature the wild animals of the Ussuriysk Taiga. In addition, Kalachinskaya, discussed creating a "Russian Village" for tourists in Primorye in order to teach foreigners about life in the Russian countryside. Although this plan has not yet materialized, analysts support such plans that promote "eco-tourism" in Primorye.

Comment

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¶13. (SBU) The DBS Ferry Line's low prices and amenities could promote tourism between the Russian Far East, South Korea, and Japan. If successful, the DBS may also force other ferry lines to improve their services. The launching of the DBS ferry is only one step in a broader effort, however. Primorye officials must do more to improve tourist infrastructure and further promote eco-tourism if the region is to be transformed into a popular tourist destination.
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